



DEPARTMENT OF CONSERVATION

DIVISION OF RECYCLING

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June 15, 2005

NOTICE

TO: All Interested Parties

SUBJECT: Mid-Year Processing Payment Adjustments:

- 1. End of Supplemental Processing Payments**
- 2. Adjustment for Changes in Scrap Values**

The California Beverage Container Recycling and Litter Reduction Act (Act) provides the Department of Conservation, Division of Recycling (Division) the discretion to adjust the processing payment not more than every three months.

The Act additionally required the Division to establish a supplemental processing payment for glass, #1 PET, and #2 HDPE to be effective on July 1, 2004, and continuing for a period of 12 consecutive months.

This Notice announces the adjusted 2005 processing payment amounts including the deletion of the Supplemental Processing Payments, which were limited to the 12 months up to June 30, 2005.

PROCESSING PAYMENT ADJUSTMENTS: PRC §14575(g) gives the Division the discretion to adjust the processing payment not more than every three months if the Division has determined that the average scrap value for a specific beverage container material type for the most recent available 12-month period directly preceding the quarter the processing payment is calculated is five (5) percent more or less than the statewide average scrap value used as the basis for the processing payment currently in effect; and that adjusting the processing payment is necessary to further the objectives of the beverage container recycling program.

As the change in scrap values as described for glass, #1 PET and #2 HDPE is greater than five percent, the Division has concluded it is appropriate to adjust the processing payments at this time.

Processing payments for bimetal and plastics #3 - #7 are not being adjusted as the scrap values for these container material types are highly volatile and based on small volumes. The changes in scrap values and adjusted processing payments for glass, #1 PET and #2 HDPE effective July 1, 2005 are shown on the table on the next page.

Change in Scrap Value Per Ton and Adjusted Processing Payments			
Material Types	Glass	PET #1	HDPE #2
Scrap Value Per Ton (Basis of Current Processing Payments)	\$3.25	\$224.93	\$194.11
Scrap Value Per Ton (April 04 - March 05)	\$1.86	\$245.01	\$236.47
Percent Change	-43%	9%	22%
Current Processing Payment Per Ton (Effective 1/1/05)	\$81.58	\$284.87	\$492.43
Adjusted Processing Payment Per Ton (Effective 7/1/05)	\$82.97	\$264.79	\$450.07
Adjusted Processing Payment Per Pound Redeemed (To be used on DR6, Effective 7/1/05)	\$0.04149	\$0.13240	\$0.22504

Table I, attached, provides all processing payments effective July 1, 2005.

Note to certified recycling centers: If a receipt and log period overlaps the July 1, 2005 effective date of the adjusted processing payments, one DR-6 should be filled out for the period through June 30, 2005 and another DR-6 filled out for the period beginning July 1, 2005. Failure to separate the reports may delay your payment and the Department of Conservation will only reimburse payment at the lower processing payment for the entire reporting period.

Note to other certified entities (CP, CS, SP): Because supplemental processing payments will end June 30, 2005 you will need to make sure that glass, #1 PET and #2 HDPE collected through June 30, 2005 are received by the processor on or before June 30, 2005. Materials collected during the eligible time period but received by a processor after June 30, 2005 will not be eligible for the supplemental processing payment.

If you have any questions relating to processing payments and/or scrap values used to calculate the processing payment adjustments contact Chuck Seidler via telephone at (916) 323-5778, or e-mail at Chuck.Seidler@conservation.ca.gov.

Jim Ferguson
Assistant Director
for Recycling

Table I										
2005 Mid Year Processing Payments Adjustments										
Effective July 1, 2005										
Glass, Bimetal and Plastic										
	Glass	Plastic							Bimetal	
		PET	HDPE	Vinyl	LDPE	PP	PS	Other		
Cost of Recycling per Ton with Reasonable Financial Return and COLA	\$84.83	\$509.80	\$686.54	\$1,131.49	\$3,534.05	\$1,571.80	\$6,523.39	\$807.09		\$540.15
Original Scrap Value Used in Current Processing Payments	\$3.25	\$224.93	\$194.11	\$13.78	\$0.10	\$3.19	\$105.03	(36.98)		(\$2.56)
Scrap Value from April 2004 through March 2005	\$1.86	\$245.01	\$236.47	n/a	n/a	n/a	n/a	n/a		n/a
Percent Change	-43%	9%	22%	n/a	n/a	n/a	n/a	n/a		n/a
Processing Payments to Recyclers										
Processing Payment Per Ton Redeemed	\$82.97	\$264.79	\$450.07	\$1,117.71	\$3,533.95	\$1,568.61	\$6,418.36	\$844.07		\$542.71
Total Processing Payment Per Pound Redeemed (To be used on DR6)	\$0.04149	\$0.13240	\$0.22504	\$0.55886	\$1.76698	\$0.78431	\$3.20918	\$0.42204		\$0.27136
Containers Per Pound	1.87	12.8	5.1	9.8	39.4	8.2	69.8	7.1		8.2
Total Processing Payment Per Containe	\$0.02218	\$0.01034	\$0.04412	\$0.05703	\$0.04485	\$0.09565	\$0.04598	\$0.05944		\$0.03309
Note: Processing payments for bimetal and plastics #3 - #7 are not being adjusted as the scrap values for these container material types are highly volatile and based on small volumes.										

